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The Voice of America's Broadband Providers

August 9, 2018

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Ex Parte* Communication: WC Docket Nos. 10-90, 14-58, 07-135, and CC Docket 01-92

Dear Ms. Dortch:

On August 7, 2018, Bob DeBroux of TDS Telecom, Ken Pfister of Great Plains Communications, and Trey Judy of Hargray Communications, along with Genny Morelli and the undersigned of ITTA, met with Kris Monteith, Sue McNeil (participating by phone), Alex Minard, Suzanne Yelen, and Jesse Jachman of the Wireline Competition Bureau regarding the *NPRM* in the above-referenced proceedings.[1]

During the meeting, we discussed various points raised in ITTA's comments on the NPRM.[2] We emphasized that the Commission should fully fund separate budgets for the A-CAM program and legacy support mechanisms. Both programs are meritorious and should be afforded budget analyses based on their own bona fides. With the A-CAM program now funded at $146.10 per location for all participants, the next logical and appropriate step is funding all eligible locations at $200 per location, the target amount established by the Commission when it initiated the A-CAM program in 2016.[3]

Funding participants in the A-CAM program to $200 per eligible location would require approximately $65 million per year, and fully funding the legacy program would entail approximately $248 million this year. Such funding would have a de minimis impact on consumers' bills. Had the Commission fully funded both the A-CAM and legacy segments in 2017, it would have led to an aggregate *eight cent* increase in average monthly universal service contributions for residential consumers.[4] At the same time, consumers' contribution burden

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[1] *Connect America Fund et al.*, Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, FCC 18-29 (Mar. 23, 2018) (*NPRM*).

[2] *See* Comments of ITTA – The Voice of America's Broadband Providers, WC Docket Nos. 10-90, 14-58, and 07-135, CC Docket No. 01-92 (May 25, 2018) (ITTA Comments).

[3] *See Connect America Fund*, *ETC Annual Reports and Certifications*, *Developing a Unified Intercarrier Compensation Regime*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3107, para. 52 (2016).

[4] *See* ITTA Comments at 13-14, 17-18.

attributable to the universal service high-cost program has decreased by nearly 50 cents per month as compared to 2011.[5]

The discussion also touched upon additional modifications to the legacy support mechanism upon which the *NPRM* sought comment. Consistent with ITTA's comments, ITTA does not object to the Commission enhancing legacy carriers' broadband deployment obligations, so long as the Commission adopts a reasonable threshold level of annual support that would not be subject to a budget cap, determined by a percentage of the average of each carrier's unconstrained claims amounts over the preceding three years.[6] Calibrating the base to a three-year average, rather than just one year's claims,[7] helps to smooth out any expense anomalies – either high or low – that could occur in any given year.[8] We also reiterated ITTA's support for the *NPRM*'s proposal to modify the budget control mechanism to use only a pro rata reduction applied as necessary and no longer include a per-line reduction aspect.[9] As illustrated by the experience of one ITTA member having incurred an additional support curtailment of nearly 75 percent due to inclusion of a per-line reduction element, including a per-line reduction aspect has led to disproportionate and inequitable impacts on some legacy carriers.[10]

With it now being over a year-and-a-half into the 10-year A-CAM funding cycle, the need for expeditious Commission action to approve A-CAM funding at $200 per eligible location is paramount, in order to enable participating carriers to further amend their engineering plans in order to timely accommodate the increased deployment obligations attendant to such funding. Similarly, should the Commission, as ITTA has advocated, approve a second A-CAM offer[11] and choose to align the duration of it with that of the original A-CAM offer for the sake of administrative simplicity,[12] rapid Commission action to approve and implement it is essential, as a second offer would already be subject to an implementation period of less than eight years. Furthermore, with the budget control mechanism for this fiscal year having kicked in over a month ago, with even more drastic effects than last fiscal year, carriers receiving funding via legacy support mechanisms are in dire need of accelerated Commission action to remediate its effects.

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[5] *See* Reply Comments of the Nebraska A-CAM Companies, WC Docket Nos. 10-90, 14-58, and 07-135, CC Docket No. 01-92, at 2-3 (June 25, 2018).

[6] *See* ITTA Comments at 32.

[7] *See NPRM* at 55, para. 153.

[8] *See* ITTA Comments at 30.

[9] *See id.* at 29; *NPRM* at 55, para. 150.

[10] *See* ITTA Comments at 29.

[11] ITTA supported the Commission extending a second A-CAM offer assuming current A-CAM carriers are funded at $200/location and the legacy mechanism is fully funded. *See id.* at 20-28, Sec. III.

[12] *See id.* at 27-28.

Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

/s/

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cc: Kris Monteith
Sue McNeil
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